Business – Key terms – AS level

Unit 1:	Brand name:	a name, term, sign, symbol, design or any other feature that allows consumers to identify the goods and services of a business and to differentiate them from those of competitors
	E-commerce:	conducting business transactions online
	Online retailing or e-tailing:	the retailing of goods online
	Market:	a set of arrangement that allows buyers and sellers to communicate and trade in a particular range of goods and services
	Marketing:	a management process involved in identifying, anticipating and satisfying consumer requirements profitably
	Market share:	the proportion of total sales in a particular market for which one or more businesses or brands are responsible. It is expressed as a percentage and can be calculated by value or volume
	Mass market:	a very large market in which products with mass appeal are targeted
	Niche market:	a smaller market, usually within a large market or industry
Unit 2:	Consumer panels:	groups of customers are asked for feedback about products over a period of time
	Database:	an organised collection of data stored electronically with instant access, seraching and sorting facilities
	Focus groups:	where a number of customers are invited to attend a discussion about a product led by market researchers
	Market orientation:	an approach to business which places the needs of customers at the centre of the decision-making process
	Market research:	the collection, presentation and analysis of information relating to the marketing and consumption of goods and services
	Market segment:	part of a whole market where a particular customer group has similar characteristics
	Primary research or field research:	the gathering of 'new' information which does not already exist.
	Product orientation:	An approach to business which places the emphasis upon the production process and the product itself
	Qualitative research:	the collection of data about attitudes, beliefs and intentions
	Quantitative research:	the collection of data that can be quantified
	Respondent:	a person or organisation that answers questions in a survey
	Sample:	a small group of people who must represent a proportion of a total market when carrying out market research
	Secondary research or desk research:	the collection of data that is already in existence
	Socio-economic groups:	division of people according to social class
Unit 3:	Added value:	the extra features that may be offeredby a business when

		selling a product, such as high quality customer service, which helps to exceed customer exceptions
	Competitive advantage:	an advantage that enables a business to perform better than its rivals in the market
	Market maps or perceptual maps:	typically a two-dimensional diagram that shows two of the attributes or characteristics of a brand and those of rival brands in the market
	Market positioning:	the view consumers have about the quality, value for money and image of a product in relation to those of competitors
	Product differentiation:	an attempt by a business to distinguish its product from those of competitors
	Reposition:	change the view consumers have about a product by altering some of its characteristics
	Unique selling point (or proposition):	the aspect or feature of a product that clearly distinguishes it from its rivals
Unit 4:	Complementary goods:	goods that are purchased together because they are consumed together
	Demand:	the quantity of a product bought at a given price over a given period of time
	Demand curve:	a line drawn on a graph that shows how much of a good will be bought at different prices
	Inferior goods:	goods for which demand will fall if income rises *or* rise if income falls
	Normal goods:	goods for which demand will rise if income rises *or* fall if income falls
	Substitute goods:	goods that can be bought as an alternative to others, but perform the same function
Unit 5:	Subsidy:	a grant given to producers, usually to encourage production of a certain good
	Supply:	the amount of a product that suppliers make available to the market at any given price in a given period of time
	Supply curve:	a line drawn on a graph that shows how much of a good sellers are willing to supply at different prices
Unit 6:	Equilibrium price or market clearing price:	the price where supply and demand are equal
	Excess demand:	the position where demand is greater than supply at a given price and there are shortages in the marketing
	Excess supply:	the position where supply is greater than demand at a given price and there are unsold goods in the market
	Total revenue or total expenditure:	the amount of revenue generated from the sale of goods calculated by multiplying price by quantity in a given period of time
Unit 7:	Price elastic demand:	a change in price results in a greater change in demand
	Price elasticity of demand:	the responsiveness of demand to a change in price
	Price inelastic demand:	a change in price results in a proportionately smaller change in demand

Unit 8:	Discretionary expenditure:	non-essential spending or spending that is not automatic
	Income elastic demand:	the percentage change in demand for a product is proportionately greater than the percentage change in income
	Income elasticity of demand:	the responsiveness of demand to a change in income
Unit 9:	Consumer durables:	goods that can be used repeatedly over a period of time, such as cars and household appliances
	Design mix:	the range of features that are important when designing a product
	Ergonomics:	the study of how people interact with their environment and the equipment they use – often in the workplace
	Ethical sourcing:	using materials, components and services from suppliers that respect the environment, treat their workforce well and generally trade with integrity
	Product design:	the process of creating a new product or service
	Recycling:	making use of materials that have been discarded as waste
	Resource depletion:	the using up of natural resources
	Waste minimisation:	reducing the quantity of resources that are discarded in the production process
Unit 10:	Above-the-line promotion:	Placing adverts using the media
	Advertising:	Communication between a business and its customers where images are placed in the media to encourage the purchase of products
	Below-the-line promotion:	Any promotion that does not involve using the media
	Emotional branding:	The practice of using the emotions of a consumer to build a brand
	Generic brands:	Products that only contain the name of the product category rather than the company or product name
	Manufacturer brands:	Brands created by the producers of goods or services
	Marketing mix:	The elements of a business's marketing that are designed to meet the needs of customers. The four elements are often called the '4Ps' – product, price, promotion and place
	Merchandising:	A promotion specifically at the point of sale of a product
	Own-label, distributor or private brands:	Products that are manufactured for wholesalers or retailers by other businesses
	Point of sale:	Any point where a consumer buys a product
	Promotion:	An attempt to obtain and retain customers by drawing their attention to a firm or its products
	Public relations:	An organisation's attempt to communicate with interested parties
	Sales promotions:	Methods of promoting products in the short term to boost sales
	Sponsorship:	Making a financial contribution to an event in return for publicity
	Viral marketing:	Any strategy that encourages people to pass on messages to

		others about a product or a business electronically
Unit 11:	Competitive pricing:	Pricing strategies based on the prices charged by rivals
	Cost plus pricing:	Adding a percentage (the mark-up) to the costs of producing a product to get the price
	Mark-up:	The percentage added to unit cost that makes a profit for a business when setting the price
	Penetration pricing:	Setting a low price when lanching a new product in order to get established in the market
	Predatory or destroyer pricing:	Setting a low price forcing rivals out of business
	Pricing strategy:	The pricing policies or methods used by a business when deciding what to charge for its products
	Product life cycle:	Shows the different stages in the life of a product and the sales that can be expected at each stage
	Psychological pricing:	Setting the price slightly below a round figure
	Skimming or creaming:	Setting a high price initially and then lowering it later
	Unit costs:	The same as average cost (total cost divided by output)
Unit 12:	Agent or broker:	An intermediary that brings together buyers and settlers
	Breaking-bulk:	Dividing a large quantity of goods received from a supplier before selling them on in smaller quantities to customers
	Direct selling:	Producers selling their products directly to consumers
	Distribution:	The delivery of goods from the producer to the consumer
	Distribution channel:	The route taken by a product from the producer to the customer
	E-commerce:	The use of electronic systems to sell goods and services
	Intermediaries:	Links between the producer and the consumer
	Retailer:	A business that buys goods from manufacturers and wholesalers, and sells them in small quantities to consumers
	Wholesaler:	A business that buys goods from manufacturers and sells them in smaller quantities to retailers
Unit 13:	Boston Matrix:	A 2x2 matrix model that analyses a product portfolio according to the growth rate of the market and the relative market share of products within the market
	Extension strategies:	Methods used to prolong the life of a product
	Marketing strategy:	A set of plans that aim to achieve a specific marketing objective
	Product lines:	A group of products that are very similar
	Product portfolio:	The collection of products a business is currently marketing
Unit 14:	Collective bargaining:	A method of determining conditions of work and terms of employment through negotiations between employers and employee representatives
	Flexible workforce:	A workforce that can respond, in quantity and type, to changes in market demand
	Home workers:	People who undertake their regular work from home

	Industrial action:	Disruptive measures taken by workers to apply pressure on employers when disagreements cannot be resolved
	Outsourcing:	Getting other people or businesses to undertake work that was originally done in-house
	Multi-skilling:	The process of increasing the skills of employees
	Trade unions:	Organisations of workers that exist to promote the interests of their members
	Zero-hours contract:	A contract that does not guarantee any particular number of hours' work
Unit 15:	Curriculum vitae:	A document that lists personal details, qualifications, work experience, referees and other information about the jobseeker
	External recruitment	Appointing workers from outside the business
	Induction training:	Training given to new employees when they first start a job
	Internal recruitment:	Appointing workers from inside the business
	Job description:	A document that shows clearly the tasks, duties and responsibilities expected of a worker for a particular job
	Off-the-job training:	Training that takes place away from the work area
	On-the-job training:	Training that takes place while doing the job
	Person specification:	A personal profile of the type of person needed to do a particular job
	Training:	A process that involves increasing the knowledge and skills of a worker to enable them to do their jobs more effectively
Unit 16:	Authority:	The right to command and make decisions
	Centralisation:	A type of business organisation where major decisions are made at the center or core of the organisation and then passed down the chain of command
	Chain of command:	The way authority and power is organised in an organisation
	Decentralisation:	A type of business organisation where decision making is pushed down the chain of command and away from the center of the organisation
	Delayering:	Removing layers of management from the hierarchy of an organisation
	Delegation:	Authority to pass down from superior to subordinate
	Formal organisation:	The internal structure of a business as shown by an organisational chart
	Hierarchy:	The order or levels of responsibility in an organisation, from the lowest to the highest
	Organisational chart:	A diagram that shows the different job roles in a business and how they relate to each other
	Responsibility:	The duty to complete a task
	Span of control:	The number of people a person is directly responsible for in a business
	Subordinates:	People in the hierarchy who work under the control of a senior worker
Unit 17:	Bonus:	A payment in addition to the basic wage for reaching targets or

		in recognition for service
	Commission:	Percentage payment on a sale made to the salesperson
	Consultation:	Listening to the views of employees before making key decisions that affect them
	Delegation:	The passing of authority further down the managerial hierarchy
	Empowerment:	Giving official authority to employees to make decisions and control their own work activities
	Hawthorne effect:	The idea that workers are motivated by recognition given to them as a group
	Hygiene or maintenance factors (Herzberg's):	Things at work that result in dissatisfaction
	Job enlargment:	Giving an employee more work to do of a similar nature; 'horizontally' extending their work role
	Job enrichment:	Giving employees greater responsibility and recognition by 'vertically' extending their work role
	Job rotation:	The periodic changing of jobs or tasks
	Maslow's hierarchy of needs:	The order of people's needs starting with basic human requirements
	Motivated:	The desire to take action to achieve a goal
	Motivators (Herzberg's):	Things at work that result in satisfaction
	Payment by results:	Payment methods that reward workers for the quantity and quality of work they produce
	Performance-related pay (PRP):	A payment system designed for non-manual workers where pay increases are given if performance targets are met
	Piece rates:	A payment system where employees are paid an agreed rate for every item produced
	Profit sharing:	Where workers are given a share of the profits, usually as part of their pay
	Scientific management:	A theory that suggests there is a 'best way' to perform work tasks
	Self-actualisation:	A level in Maslow's hierarchy where people realise their full potential
	Teamworking:	Organising people into working groups that have a common aim
Unit 18:	Autocratic leadership:	A leadership style where a manager makes all the decisions without consultation
	Democratic leadership:	A leadership style where managers allow others to participate in decision making
	Laissez-faire leadership:	A leadership style where employees are encouraged to make their own decisions, within certain limits
	Paternalistic leadership:	A leadership style where the leader makes decisions but takes into account the welfare of employees
Unit 19:	Entrepreneurs:	Individuals who, typically, set up and run a business and take the risks associated with this

	Intrapreneurs:	Employees who use entrepreneurial skills, without having to risk their own money, to find and develop initiatives that will have financial benefits for their employer
Unit 20:	Profit maximisation:	An attempt to make as much profit as possible in a given time period
	Profit satisficing:	Making enough profit to satisfy the needs of the business owner(s)
Unit 21:	Aims:	What a business tries to achieve in the long term
	Objectives:	The goals or targets set by a business to help achieve its long-term purpose
	Sales maximisation:	An attempt to sell as much as possible in a given time period (or an attempt to generate as much sales revenue as possible in a given time period)
Unit 22:	Articles of Association:	A document that provides details of the internal running of a limited company
	Certificate of Incorporation:	A document that declares a business is allowed to trade as a limited company
	Co-operative:	A business organisation owned by its members, who have equal voting rights
	Deed of Partnership:	A binding legal document that states the formal rights of partners
	Franchise:	A business model in which a business (the franchisor) allows another operator (the franchisee) to trade under their name
	Lifestyle business:	A business that aims to make enough money and provide the flexibility needed to support a particular lifestyle for the owner
	Limited company:	A business organisation that has a separate legal entity from that of its owners
	Limited liability:	A legal status which means that a business owner is only liable for the original amount of money invested in the business
	Limited partnership:	A partnership where some members contribute capital and enjoy a share of profit, but do not participate in the running of the business. At least one partner must have unlimited liability.
	Memorandum of Association:	A document that sets out the constitution and states key external details about a limited company
	Mutual organisation:	A business owned by its members who are customers not shareholders
	Online business:	A business that uses the global communications infrastructure of the internet as a trading base
	Partnership:	A business organisation that is usually owned by between 2 – 20 people
	Primary sector:	Production involving the extraction of raw materials from the earth
	Secondary sector:	Production involving the concersion of raw materials into finished and semi-finished goods
	Sleeping partner:	A partner that contributes capital and enjoys a share of the profit but takes no active role in running the business

	Social enterprise:	A business that trades with the objective of improving human or environmental well-being – charities and workers' co-operatives, for example
	Sole trader or sole proprietor:	A business organisation which has a single owner
	Tertiary sector:	The production of services in the economy
	Unlimited liability:	A legal status which means that the owner of a business is personally liable for all business debts
Unit 23:	Private equity company:	A business usually owned by private individuals backed by financial institutions
	Public limited company:	A company owned by shareholders where the shares can be traded openly on the stock market
	Stock market:	A market for second-hand shares
	Stock market flotation or initial public offering (IPO):	The process of a company 'going public' – making shares available to the public for the first time
Unit 24:	Choices:	In business, deciding between alternative uses of resources
	Opportunity cost:	When choosing between different alternatives, the opportunity cost is the benefit lost from the next best alternative to the one that has been chosen
	Trade-offs:	In business, where a decision-maker faces a compromise between two different alternatives; for example, between paying dividends to shareholders and re-investing profits in the business
Unit 25:		
Unit 26:	Capital:	The money provided by the owners in a business
	Capital expenditure:	Spending on business resources that can be used repeatedly over a period of time
	Internal finance:	Money generated by the business of its current owners
	Retained profit:	Profit after tax that is 'ploughed back' into the business
	Revenue expenditure:	Spending on business resources that have already been consumed or will be very shortly
	Sale and leaseback:	The practice of selling assets, such as property or machinery, and leasing them back from the buyer
Unit 27:	Authorised share capital:	The maximum amount that can be legally raised
	Bank overdraft:	An agreement between a business and a bank that means a business can spend more money than it has in its account (going 'overdrawn'). The overdraft limit is agreed and interest is only charged when the business goes overdrawn
	Capital gain:	The profit made from selling a share for more than it was bought
	Crowd funding:	Where a large number of individuals (the crowd) invest in a business or project on the internet, avoiding the use of a bank
	Debenture:	A long-term loan to a business
	Equities:	Another name for an ordinary share

	External finance:	Money raised from outside the business
	Issued share capital:	Amount of current share capital arising from the sale of shares
	Lease:	A contract to acquire the use of resources such as property or equipment
	Peer-to-peer lending (P2PL):	Where individuals lend to other individuals without prior knowledge of them, on the internet
	Permanent capital:	Share capital that is never repaid by the company
	Secured loans:	A loan where the lender requires security, such as property, to provide protection in case the borrower defaults
	Share capital:	Money introduced into the business through the sale of shares
	Unsecured loans:	Where the lender has no protection if the borrower fails to repay the money owed
	Venture capitalism:	Providers of funds for small or medium-sized companies that may be considered too risky for other investors
Unit 28:	Collateral:	An asset that might be sold to pay a lender when a loan cannot be repaid
	Incorporated business:	A business model in which the business and the owner(s) have separate legal identities
	Limited liability:	A legal status that means shareholders can only lose the original amount they invested in a business
	Long-term finance:	Money borrowed for more than one year
	Rights issue:	Issuing new shares to existing shareholders at a discount
	Short-term borrowing:	Money borrowed for 12 months of less
	Undercapitalised:	A business not raising enough capital when setting up
	Unincorporated businesses:	A business model in which there is no legal difference between the owner(s) and the business
	Unlimited liability:	A legal status which means that business owners are liable for all business debts
Unit 29:	Business plan:	A plan for the development of a business, giving details such as the products to be made, resources needed, and forecasts such as costs, revenues and cash-flow.
	Cash-flow forecast:	The prediction of all expected receipts and expenses of a business over a future time period which shows the expected cash balance at the end of each month
	Cash inflows:	The flow of money into a business
	Cash outflows:	The flow of money out of a business
	Net cash flow:	The difference between the cash flowing in and the cash flowing out of a business in a given time period
	Solvency:	The degree to which a business is able to meet its debts when they fall due
Unit 30:	Consumer income:	The amount of income remaining after taxes and expenses have been deducted from wages
	Consumer trends:	The habits or behaviours of consumers that determine the goods and services they buy
	Economic growth:	The rise in output of an economy as measured by the growth in

		Gross Domestic Product (GDP), usually as a percentage
	Economic variables:	Measures within the economy which have effects on business and consumers. Examples include unemployment, inflation and exchange rates
	Extrapolation:	Forecasting future trends based on past data
	Forecasting:	A business process, assessing the probable outcome using assumption about the future
	Sales forecast:	Projection of future sales revenue, often based on previous sales data
	Time series data:	A method that allows a business to predict future levels from past figures
Unit 31:	Average cost or unit cost:	The cost of producing one unit, calculated by dividing the total cost by the output
	Fixed cost:	A cost that does not change as a result of a change in output in the short run
	Long run:	The time period where all factors of production are variable
	Profit:	The difference between total costs and total revenue. It can be negative.
	Sales revenue:	The value of output sold in a particular time period. It is calculated by price x quantity of output
	Sales volume:	The quantity of output sold in a particular time period
	Semi-variable cost:	A cost that consists of both fixed and variable elements
	Short run:	The time period where at least one factor of production is fixed
	Total cost:	The entire cost of producing a given level of output
	Total revenue:	The amount of money the business receives from selling output
	Variable cost:	A cost that rises as output rises
Unit 32:	Break-even:	When a business generates just enough revenue to cover its total costs
	Break-even chart:	A graph containing the total cost and total revenue lines, illustrating the break-even output
	Break-even output:	The output a business needs to produce so that its total revenue and total costs are the same
	Break-even point:	The point at which total revenue and total costs are the same
	Contribution:	The amount of money left over after variable costs have been subtracted from revenue. The money contributes towards fixed costs and profit
	Margin of safety:	The range of output between the break-even level and the current level of output, over which a profit is made
Unit 33:	Budget:	A quantitative economic plan prepared and agreed in advance
	Budgetary control:	A business system that involves making future plans, comparing the actual results with the planned results and then investigating the causes of any differences
	Historical figures:	Quantitative information based on past trading records

	Production cost budget:	A firm's planned production costs for a future period of time
	Sales budget:	A firm's planned sales for a future period of time – can be measured in terms of volume or revenue
	Variance:	The difference between actual financial outcomes and those budgeted
	Variance analysis:	The process of calculating variances and attempting to identify their causes
	Zero-based budgeting or zero budgeting:	A system of budgeting where no money is allocated for costs or spending unless they can be justified by the fund holder (they are given a zero value)
Unit 34:	Amortisation:	The writing off of an intangible asset
	Cost of sales:	The direct costs of a business
	Exceptional costs:	A one-off cost, such as a large bad debt
	Gross profit:	The difference between revenue/turnover and cost of sales
	Gross profit margin:	Gross profit expressed as a percentage of revenue/turnover
	Operating profit:	The difference between gross profit and business overheads, such as selling and administrative expenses
	Operating profit margin:	Operating profit expressed as a percentage of revenue/turnover
	Profit for the year (net profit) or net profit:	The difference between operating profit and interest and exceptional items
	Profit for the year (net profit) margin or net profit margin:	Net profit before tax, expressed as a percentage of revenue/turnover
	Statement of comprehensive income:	A financial document showing a company's income and expenditure over a particular time period, usually one year
	Revenue or turnover:	The total income of a business resulting from sales of goods or services
Unit 35:	Acid test ratio:	Similar to the current ratio but excludes stocks from current assets. A more severe test of liquidity.
	Assets:	Resources that belong to a business
	Capital:	Money put into the business by the owners
	Current assets:	Liquid assets, i.e. those assets that will be converted into cash within one year
	Current liabilities:	Money owed by the business that must be repaid within one year
	Current ratio:	Assesses whether or not a business has enough resources to meet any debts that arise in the next 12 months. It is found by dividing current liabilities into current assets
	Intangible assets:	Non-physical assets, such as brand names, patents and customer lists
	Inventories:	Stocks, such as raw materials and finished goods held by a business
	Liabilities:	Money owed by the business to banks and suppliers, for example.
	Liquidity:	The ease with which assets can be converted into cash

	Net assets:	Total assets – total liabilities
	Non-current assets:	Long-term resources that will be used by the business repeatedly over a period of time
	Non-current liabilities:	Money owed by the business for more than one year, sometimes called long-term liabilities
	Shareholders' equity:	The amount of money owed by the business to the shareholders
	Statement of financial position (balance sheet):	A summary at a particular point in time of the value of a firm's assets, liabilities and capital
	Trade and other payables:	Money owed by the business to suppliers and utilities, for example. Sometimes called trade creditors
	Trade and other receivables:	Money owed to the business by customers and any prepayments made by the business
	Working capital:	The funds left over to meet day-to-day expenses after current debts have been paid. It is calculated by subtracting current liabilities from current assets
Unit 36:	Administration:	A failing business appoints a specialist to rescue the business or wind it up
	External factors:	Factors beyond the control of businesses cause it to collapse
	Internal factors:	Factors that businesses are able to control cause it to collapse
	Overtrading:	The situation where a business does not have enough cash to support its production and sales, usually because it is growing too fast
Unit 37:	Batch production:	A method that involves completing one operation at a time on all units before performing the next
	Capital intensive:	Production methods that make use of machinery relative to labour
	Capital productivity:	The amount of output each unit of capital (e.g. one machine) produces
	Cell production:	Involves producing a family of products in a small self-contained unit (a cell) within a factory
	Division of labour:	Specialisation in specific tasks or skill by an individual
	Downsizing:	The process of reducing capacity, usually by laying off staff
	Efficiency:	Producing a level of output where average cost is minimised
	Flow production:	Large-scale production of a standard product, where each operation on a unit is performed continuously one after the other, usually on a production line
	Job production:	A method of production that involves employing all factors to complete one unit of output at a time
	Kaizen:	A Japanese term that means continuous improvement
	Labour intensive:	Production methods that make more use of labour relative to machinery
	Labour productivity:	The amount of output each unit of labour (e.g. one worker) produces
	Lean production:	An approach to operations that focuses on the reduction of

		resource use
	Outsource:	Giving work to sub-contractors to reduce costs
	Production:	The transformation of resources into goods or services
	Productivity:	The output per unit of input per time period
	Specialisation:	In business, the production of a limited range of goods
	Standardisation:	Using uniform resources and activities or producing a uniform product
Unit 38:	Capacity utilisation:	The use that a business makes of its resources
	Excess or surplus capacity:	When a business has too many resources, such as labour and capital, to produce its desired level of output
	Full capacity:	The point where a business cannot produce any more output
	Mothballing:	Leaving machines, equipment or building space unused, but maintained, so they could be brought back into use if necessary
	Over-utilisation:	The position where a business is running at full capacity and 'straining' resources
	Rationalisation:	Reducing the number of resources, particularly labour and capital, put into the production process, usually undertaken because a business has excess capacity
	Under-utilisation:	The position where a business is producing at less than full capacity
Unit 39:	Buffer stocks:	Stocks held as a precaution to cope with unforeseen demand
	Kanban:	A card or an object that acts as a signal to move or provide resources in a factory
	Lead time:	The time between placing the order and the delivery of goods
	Re-order level:	The level of current stock when new orders are placed
	Re-order quantity:	The amount of stock ordered when an order is placed
	Stock rotation:	The flow of stock into and out of storage
	Work-in-progress:	Partly finished goods
Unit 40:	Quality:	Features of a product that allow it to satisfy customers' needs. It may refer to some standard of excellence
	Quality assurance:	A method of working for businesses that takes into account customers' wants when standardising quality. It often involves guaranteeing that quality standards are met
	Quality chains:	When employees form a series of links between customers and suppliers in business, both internally and externally
	Quality circles:	Groups of workers meeting regularly to solve problems and discuss work issues
	Quality control:	Making sure that the quality of a product meets specified quality performance criteria
	Statistical process control:	The collection of data about the performance of a particular process in a business
	Total quality management (TQM):	A managerial approach that focus on quality and aims to improve the effectiveness, flexibility and competitiveness of the business

Unit 41:	Appreciation of a currency:	A rise in the value of a currency
	Base rate:	The rate of interest around which a bank structures other interest rates. If the Bank of England raises the base rate, all other borrowing and savings rates are likely to move in the same direction and vice versa
	Boom:	The peak of the economic cycle where GDP is growing at its fastest
	Consumer price index (CPI):	A common measure of price changes used in the EU
	Deflation:	A fall in the general price level. Also used to describe a situation where economic growth is falling or negative when inflation is falling
	Depreciation (of a currency):	A fall in the value of a currency
	Downturn:	A period in the economic cycle where GDP grows, but more slowly
	Economic, trade or business cycle:	Regular fluctuations in the level of output in the economy
	Exchange rate:	The price of one currency in terms of another
	Fiscal policy:	Using changes in taxation and government expenditure to manage the economy
	Government expenditure:	The amount spent by the government in its provision of public services
	Gross domestic product (GDP):	A common measure of national income , output or employment
	Index linked:	The linking of certain payments, such as benefits, to the rate of inflation
	Inflation:	A general rise in prices
	Monetary policy:	Using changes in the interest rate and money supply to manage the economy
	Recession:	A less severe form of depression
	Recover or upswing:	A period where economic growth begins to increase again after a recession
	Slump or depression:	The bottom of the economic cycle where GDP starts to fall with significant increases in unemployment
	Taxation:	The charges made by government on the activities, earnings and income of businesses and individuals
Unit 42:	Anti-competitive or restrictive practices:	Attempts by firms to prevent or restrict competition
	Barriers to entry:	Obstacles that make it difficult for new firms to enter a market
	Collusion:	Two (or more) businesses agreeing to a restrictive practice, such as price fixing
	Contract of employment:	A written agreement between an employer and an employee in which each has certain obligations
	Discrimination:	Favouring one person over another. For example, in the EU it

		is unlawful to discriminate on grounds of race, gender, age and disability
	Employment tribunal:	A court that deals with cases involving disputes between employers and employees
	National minimum wage:	A wage rate set by the government below which it is illegal to pay people at work
	Unfair dismissal:	The illegal dismissal of a worker by a business
Unit 43:	Barriers to entry:	Factors which make it difficult or impossible for businesses to enter a market and compete with existing producers
	Cartel:	A group of businesses (or countries) which join together to agree on pricing and output in a market in an attempt to gain higher profits at the expense of customers
	Colluding:	In business, where several businesses (or countries) make agreements among themselves which benefit them at the expense of either rival businesses or customers
	Market structures:	The characteristics of a market, such as the size of the barriers to entry to the market, the number of businesses in the market or whether they produce identical products, which determine the behaviour of business within the market